

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on June 22, 2023

COMMISSIONERS PRESENT:

Rory M. Christian, Chair  
Diane X. Burman  
James S. Alesi  
Tracey A. Edwards  
John B. Howard  
David J. Valesky  
John B. Maggiore

CASE 18-E-0138 - Proceeding on Motion of the Commission  
Regarding Electric Vehicle Supply Equipment and  
Infrastructure.

ORDER APPROVING MODIFICATION TO  
UTILITY MANAGED CHARGING PROGRAM

(Issued and Effective June 23, 2023)

BY THE COMMISSION:

INTRODUCTION

In a petition filed on March 8, 2023 (the Petition), Central Hudson Gas and Electric Corporation (Central Hudson or the Company) seeks Public Service Commission (Commission) approval to modify its electric vehicle (EV) Active Managed Charging Program (Program), which was authorized in the Managed Charging Order.<sup>1</sup> In the Petition, Central Hudson requests an adjustment to its Program to modify the frequency of the Active Managed Charging participation incentive. Central Hudson claims that modifying the participation incentive frequency from

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<sup>1</sup> Case 18-E-0138, Order Approving Managed Charging Programs with Modifications (issued July 14, 2022) (Managed Charging Order).

monthly payments to a single annual end-of-season payment will improve the effectiveness of the Program and enhance the customer experience. In this Order, the Commission approves the proposed program change as outlined in Central Hudson's Petition.

#### BACKGROUND

The Make-Ready Order directed the investor-owned utilities to submit proposals for managed charging programs for mass market customers.<sup>2</sup> Central Hudson's Managed Charging Proposal (Proposal) was filed on December 4, 2020, and included both Passive and Active Managed Charging Programs to contribute to the Company's EV load reduction initiatives. The Managed Charging Order approved Central Hudson's Proposal, with a modification to its incentive structure, as well as similar programs submitted by the other investor-owned utilities to establish residential EV Managed Charging Programs.<sup>3</sup>

Central Hudson's Active Managed Charging Program is intended to leverage the success of existing load reduction initiatives, such as its Non-Wires Alternative (NWA) program.<sup>4</sup> The previously established NWA program utilizes distributed energy resource alternatives and varied technological resources

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<sup>2</sup> Case 18-E-0138, Order Establishing Electric Vehicle Infrastructure Make-Ready Program and Other Programs (issued July 16, 2020) (Make-Ready Order), p. 124.

<sup>3</sup> Managed Charging Order, p. 37.

<sup>4</sup> The NWA program was initially proposed by Central Hudson in response to a directive in the Reforming the Energy Vision Order. Case 14-E-0318, Central Hudson - Rates, REV Collaborative Report (filed May 1, 2015), p. 36; the NWA was subsequently approved by the Commission in Case 14-E-0318, Order Approving Rate Plan (issued June 17, 2015) and Order Implementing With Modifications the Proposal for Cost Recovery and Incentive Mechanism for Non-Wire Alternative Project (issued December 21, 2016).

to achieve load reduction goals, including demand response (DR) events that are coordinated with peak load times, between June 1 and September 30.<sup>5</sup> Customers in three load zones within Central Hudson's service territory are eligible to participate and receive incentive payments after the end of the DR season and successful participation verification.<sup>6</sup> To provide flexibility for customers while also maintaining program reliability for the Company, Central Hudson's NWA program allows customers to opt out of two DR events each season.<sup>7</sup> The Managed Charging Implementation Plan reflects that many of the features of Central Hudson's NWA program have been incorporated into the Active Managed Charging Program.

In Ordering Clause 13 of the Managed Charging Order, the Commission directed the investor-owned utilities to provide incentive payments to Managed Charging participants on a quarterly basis, at a minimum.<sup>8</sup> Central Hudson met this requirement in its updated Managed Charging Implementation Plan in which the Company detailed that, after confirmation of participation, Active Managed Charging Program participation incentives would be settled monthly.<sup>9</sup>

#### THE PETITION

Central Hudson's Petition proposes to modify its Program by changing the participation incentive frequency to a one-time end-of-season payment, rather than a monthly payment,

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<sup>5</sup> Proposal, p. 3.

<sup>6</sup> Petition, p. 2.

<sup>7</sup> Case 18-E-0138, Central Hudson Gas and Electric Managed Charging Implementation Plan (filed January 30, 2023) (Implementation Plan), p. 7.

<sup>8</sup> Managed Charging Order, p. 61.

<sup>9</sup> Implementation Plan, p. 7.

in alignment with the Company's NWA program. The Petition outlines the ways in which the proposed payment frequency modification would provide better integration and efficiency of the Active Managed Charging and NWA programs, as well as a better experience for its customers. First, the Company asserts that all incentive payments require, at a minimum, a one-month processing time, which may create confusion for customers when assessing their monthly load reduction performance.<sup>10</sup> Central Hudson explains that customers may not receive the incentive payment in the same month that a DR event is called and therefore they may not attribute the incentive to the correct month.

Second, Central Hudson explains that a one-time end-of-season payment would help to ensure customers participate in load reduction events for the entirety of the season and reduce the risk that a customer participates and receives an incentive for the beginning portion of the season and then opts out for the latter portion.<sup>11</sup> The Company avers that, historically, seasonal peak is more likely to occur later in the season, further emphasizing the importance of maintaining customer participation for its duration.

Third, Central Hudson emphasizes the resource-savings and efficiency of an end-of-season payment model, noting the reduction both in administrative costs and the potential for incentive reconciliations.<sup>12</sup> As a strategy to achieve meaningful customer engagement and maximize resources while minimizing operating costs, Central Hudson requests that it be allowed to

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<sup>10</sup> Petition, p. 4.

<sup>11</sup> Petition, p. 4.

<sup>12</sup> Petition, p. 4.

provide incentive payments for its Program at the end of the season, rather than monthly.

#### NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rule Making (Notice) was published in the State Register on March 29, 2023 [SAPA No. 18-E-0138SP11]. The time for submission of comments pursuant to the Notice expired on May 30, 2023. No comments were received in response to the Petition.

#### LEGAL AUTHORITY

In carrying out its responsibilities, the Commission has broad discretion and judgment in choosing the means of achieving statutory mandates and has the authority to adopt different methodologies or combinations of methodologies in balancing ratepayer and investor interests.<sup>13</sup> Specifically, PSL §5 grants the Commission authority to direct utilities to "formulate and carry out long-range programs, individually or cooperatively, with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." The Commission has further authority under PSL §66(5) to prescribe the "safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public" whenever the Commission determines that the utility's existing equipment is "unsafe, inefficient or inadequate." Moreover, PSL §66(2) provides that the Commission shall "examine or investigate the methods employed by ... persons, corporations and municipalities in manufacturing,

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<sup>13</sup> Multiple Intervenors v. Public Service Commission of the State of New York, 166 A.D.2d 140, 143 (3d Dept. 1991).

distributing and supplying ... electricity ... and have power to order such reasonable improvements as will best promote the public interest, preserve the public health and protect those using such ... electricity."

The actions taken herein with respect to managed charging programs fall within this legal authority and are designed to support long-range program goals economically and efficiently, support public health and safety, preserve environmental values, and conserve natural resources.

#### DISCUSSION

The Commission sees merit in Central Hudson's request to provide one incentive payment for participants in its Active Managed Charging Program at the end of the NWA season, rather than on a monthly basis. It is noteworthy that, although the Managed Charging Order required the utilities to settle participants' incentives on at least a quarterly basis throughout the operational period of their active managed charging programs, Central Hudson's proposal of a single end-of-season payment amounts to just one month beyond this requirement as its Program is only operational four months out of the year.<sup>14</sup> Providing the incentive payments at the end of the season maintains consistency with the existing NWA program, can minimize administrative and operating costs, and can help retain customers for the duration of the program season.

The Commission concurs with Central Hudson's rationale for making a single incentive payment at the end of the NWA season, particularly since participants are allowed to opt out of up to two DR events each season. By aggregating all incentives into a single payment at the end of the season,

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<sup>14</sup> Managed Charging Order, p. 35.

Central Hudson may avoid the potential of having to "claw back" some or all of the monthly incentive payments made to participants early in the NWA season if a participant decides not to participate in three or more late-season DR events. Once made, incentive payments are administratively difficult to claw back from participants and can result in disengagement from the program.

Accordingly, the modification of incentive payment frequency is approved. However, as these payments will only be provided once per year following the completion of the NWA season, the Commission stresses the importance of active customer engagement. In order to ensure that participants can monitor their performance, Central Hudson must include bill inserts that direct its customers to the participant portal and outline what information is available to participants in the portal, as well as other program or participation details, as appropriate. This will help ensure customers are engaged and educated on their event performance throughout the program season. Customers' understanding of their energy usage is an integral part of the EV adoption process and its importance cannot be overstated.

Finally, the Company is required to update its Managed Charging Implementation Plan to reflect the program changes discussed above within 30 days of the issuance of this Order. The updates to the Implementation Plan should also include a sample bill insert.

#### CONCLUSION

This Order approves Central Hudson's request to modify its Active Managed Charging Program, as discussed in the body of this Order. The Company's modification will increase the

efficiency of the Program as well as help to ensure sustained customer participation and satisfaction.

The Commission orders:

1. Central Hudson Gas and Electric Corporation shall modify its Active Managed Charging Program by changing the participation incentive frequency to an annual, end-of-season basis, in alignment with the Non-Wires Alternative Program season, as discussed in the body of this Order.

2. Central Hudson Gas and Electric Corporation shall include clearly defined instructions on customer bills as to how they can access the participant portal and what information is available on the portal, as discussed in the body of this Order.

3. Central Hudson Gas and Electric Corporation shall file an updated Managed Charging Implementation Plan to reflect the program changes discussed in the body of this Order, within 30 days of the issuance of this Order.

4. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

5. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS  
Secretary